

**FIVE-YEARS MARKETING PLAN**

**Millward Agency**

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## **TABLE OF CONTENTS**

<b>1. COMPANY DESCRIPTION .....</b>	<b>1</b>
<b>2. SITUATION ANALYSIS.....</b>	<b>1</b>
<b>3. SEGMENTING, TARGETING, POSITIONING.....</b>	<b>3</b>
<b>4. MARKETING OBJECTIVES.....</b>	<b>3</b>
<b>5. MARKETING TACTICS AND IMPLEMENTATION .....</b>	<b>5</b>
<b>6. EVALUATION .....</b>	<b>7</b>

## 1. Company Description

Millward Agency is a boutique size insurance company based in Highland, Utah. The company started its operation in 1947, when the founder Edward Millward opened his first insurance brokerage. Since the beginning, Millward Agency operated on the guiding principle “Never sell an Insurance Program to a prospect that you would not buy yourself.”<sup>1</sup>

The company’s mission is to provide business owners with the insurance coverage they need to weather any financial storms that can come along. Millward Insurance is committed to high-quality customer service, being there for clients every step of the way. On top of outstanding services, the company is committed to offering clients the lowest premiums possible, by eliminating expensive frills and passing the savings on to their customers.

## 2. Situation Analysis

As a medium-sized boutique company, Millward Agency relies on the personal and individual broker-client relationship. This allows the company to provide higher quality of customer service, by focusing on the needs of the few clients, and also to increase customer loyalty. In fact, customers are more likely to repeat the purchase from the company when they feel appreciated and taken care of. This strategy aligns with the company’s guiding principle, “Never sell an Insurance Program to a prospect that you would not buy yourself.”<sup>2</sup> However, this approach has its downsides. Such care for the customer allows Millward Agency to keep current clients satisfied and loyal, but because of the small staff it also limits their ability to grow. Most of the time, agents are more focused on customer satisfaction than in the acquiring of new ones. Millward Agency offers a variety of specific insurance packages to certain industries, together with a section of personal coverage. The packages are tailored to single industries by the perceived needs determined by the company. Limiting the offerings gives them the ability to focus extensively on these industries and their needs. They are able to specialize and give a higher customer value than competitors, with a more standardized and personalized approach.

Regarding the external factors we found important that the economy in Utah is going through a period of fast growth, especially in the silicon slopes area. The state is ranked second best state for business and eight in growth by Forbes.<sup>3</sup> Between 2016 and 2017, Utah’s GDP growth ranked fifth highest in the country.<sup>4</sup> Such active and prospering economy reflects a rapid increase in businesses opportunities. With this increasing business climate, the market

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<sup>1</sup> <https://millwardagency.com/about-us/>

<sup>2</sup> <https://millwardagency.com/about-us/>

<sup>3</sup> <https://www.forbes.com/places/ut/>

<sup>4</sup> <https://apps.bea.gov/scb/2018/06-june/0618-regional-quarterly-report.htm>

for high-end business insurance is growing as well. This is to say, given the increase in the number of businesses coming to Utah or starting their company in the state, the demand for business insurance is also rising.

**The following table is a full representation of a SWOT analysis for the company.**

<b>Internal Factors</b>	<b>Strengths</b>	<b>Weaknesses</b>
Management	Small size makes communication easier.	Lack of clear direction or vision.
Personnel	Small personnel make managing it easier.	Possible limitation for customer base growth.
Marketing	Personal and individual broker-client relationship fosters customers' loyalty.	Lack of systemized approach to marketing and sales. Lack of advertisement.
Offerings	Offering specific packages for specific industries.	A limited number of offerings. A mix of personal and commercial offerings could hurt credibility. A higher price can limit the target market and customer base.
<b>External Factors</b>	<b>Opportunities</b>	<b>Threats</b>
Competitive	Mid-size boutique agency could be seen as higher quality service.	A vast number of larger insurance companies with more power in the market.
Technological	Use of technology to enhance customer service.	Providing customers with direct access to information could eliminate the need for brokers.
Social	Insurance market is consistent, there is always demand for such service.	Insurance is seen as an unsought product, which leads to less people actively seeking out alternative options
Economic	Utah Valley is a fast-growing area, where a lot of new businesses are being opened.	Because of the fast-growing market, there is high demand but also high competition.
Regulatory		Interstate growth is complicated due to the differences in state regulations.

### **3. Segmenting, Targeting, Positioning**

As the company already specified its market segmentation, in this section we will focus the discussion on targeting and positioning the company in the market. In order to identify possible target customers, we took into consideration Millward Agency's wants and needs. Because one of the company's goals is to increase the numbers of high-end customers, together with revenue and sales, we identified the first target market in the current high-end clients. This is to say, the company's top 20% customers (in revenue). Then, we also considered the company's will to expand to a new industry, specifically manufacturing. Also in this case, we believe that given the company's goals, Millward Agency should target the high-end companies in the industry, i.e. the ones presenting high revenue and, consequently, high possibility of expenditures in insurance policies. This industry is a valuable target market where to draw customers from, especially given that it is a largely present industry in the Salt Lake area, representing a big portion of the GDP in the state of Utah (11.3%).<sup>5</sup>

For what concerns positioning, Millward Agency describes itself as a mid-sized boutique company, where the higher price paid by customers is explained by a greater care, better service, and personalized relationships with the clients. The company's positioning should attract high-end clients in the manufacturing industry, given the research for quality services usually connected to higher revenue. However, in order to appeal to such customer pool, Millward Agency must market itself underlining the added customer and service value that comes with the company's higher price.

### **4. Marketing Objectives**

The following section will discuss the marketing objectives that we have identified as beneficial to the company's goals. The purpose of this section is to explain why and how the proposed marketing objectives will benefit Millward Agency.

#### 4.1 Brand Awareness

It is crucial for Millward Agency to build brand awareness among its target market. By doing so the company will be able to appeal to new customers, differentiating itself from competitors. In fact, brand awareness drives consumers' decisions when looking at different companies. It also encourages repeats in purchases (retention) and leads to an increase in market share as well as incremental sales.

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<sup>5</sup> <http://gardner.utah.edu/wp-content/uploads/2018-ERG-Report.pdf> p.44

## 4.2 Maximize Acquisition

Maximizing acquisition means having the right tools to target a company's ideal customers, understand them, and serve their needs, in the most efficient way possible. This is extremely fundamental for Millward Agency, because by doing so the company could increase the conversion rate of prospect customers to paying customers. This means increasing the percentage of prospective clients that become actual clients. The higher the increase in the conversion rate, the higher the increase in sales and customer base.

## 4.3 Maximize Retention Rate

The importance of the retention rate maximization ties with customer loyalty and brand value. A good retention rate is usually a sign of customer satisfaction, which creates brand value. All these elements are part of the same chain then. If the company is retaining most of its customers, it implies that customers remain satisfied with the company's service, meaning they keep their account with Millward, ensuring the company will be financially healthy while simultaneously building a good reputation (brand value). Then, it is fundamental for Millward Agency to maximize retention rate, because by doing so the company will increase its brand value and attract potential customers.

## 4.4 Establish Unique Brand Image and Customer Value Proposition

Establishing a good customer value proposition is fundamental as it provides customers with good reasons why to engage with the company. This is so important for Millward Agency because by doing so the company will be able to build sales and profitability, as well as increase market share. A good customer value proposition, in fact, delivers a concise efficient statement to the target customers, promoting the product or service and differentiating the company from competitors.

## 4.5 Diversify Revenue Streams

Diversification of revenue streams is intended to create access to more than one source of income for the company. Diversifying the revenue stream is fundamental because it protects the company's finances, fosters growth and creates a deeper customer relationship. This means that having different sources of revenue can secure the company's cash flow, especially in tough times, and enhance growth and expansion. Given Millward Agency's goal of expanding its customer base, being able to diversify its streams of revenue is a crucial aspect to pay attention to.

## **5. Marketing Tactics and Implementation**

### 5.1 More Organized Promotional Strategies

To achieve some of the objectives proposed above, we believe that promotion is an important tool. Raising awareness in the target market consequently increases brand awareness, enhances the acquisition maximization and helps diversify revenue streams.

With such a small staff, the company's growth should be acquired mainly by shifting the balance of the income sources. Increasing top tier high-end customers, whilst maintaining the current base of lower-end clients, will increase revenue without putting a strain on costs and on the staff. With a more high-end target market, the customer involvement in the purchase goes even higher. Moreover, with large sums of money at play the referrals become even more important. This is why approaching the growth in current industries with a referral incentive system would have a positive outcome. The process goes as follows: current clients get a discount on their premium whenever they manage to successfully land a new client, which has to have a certain limit of income. By promoting such system, Millward Agency establishes brand awareness and increases acquisition. We believe that offering a discount on premiums that ranges between 5% and 10% will create a big enough incentive for current clients to spread the word on the company's service quality and personalization. Building brand awareness through the word of mouth using the high end clients is a great way to increase acquisition rates and sales. Another benefit of such approach is its inexpensiveness, given that the only cost accrued is the 5% to 10% loss in revenue that come from the discount rate. On top of higher the customer base and sales, this approach allows the company to increase its retention rate. In fact, providing discounts to current and loyal customer can increase the clients' satisfaction, hence encourage them to stick with the company.

Another point to be discussed under the creation of a more structured promotional strategy is the standardization of the company's customers acquisition process. Since there is no current standardized system for the acquiring of new customers and the following up with potential clients, we recommend that the company begins to use a customer relationship management (CRM) system. This system will provide all members of the company with a place to store and share information about every current client as well as new potential customers. This will allow Millward Agency's sales staff, and every other member of the company that needs to be in contact with a customer, to have access to clients personal preferences and details regarding past conversations. This system will help to shift the image of the company from insurance brokers, to a group of trusted advisors.

## 5.2 Creating Higher Customer Value

By creating and maintaining a high customer value, Millward Agency will allow growth in acquisition and will be able to maximize its retention rate. A good practice to create higher customer value is to focus on product and price strategies, by either increasing product value or decreasing price. Millward Agency describes itself as a mid-size boutique and thus wants to keep a high-quality brand image. There are a lot of qualities that customers attribute to the brand image, and price can be perceived as one them. Often, in the customer's mind higher price correlates to higher quality, as the product or services is perceived as superior to others with lower price. Thus it is recommended to add product value by the means of increased customer service and product variety. An increase in these qualities gives the ability to create a unique customer value proposition and allows the company to gain a competitive advantage. Concerning this last one, one of the biggest advantages that Millward Agency has against bigger insurance companies is the ability to mold its appearance into a high-end personal experience, which is something that is not easily findable in the insurance industry.

Similar to what discussed in part 5.2, also in the case of customer value creation the CRM system can be beneficial to the company. With the implementation and proper use of a CRM system, Millward Agency can build its reputation as a company that truly cares about its customers and is always available to assist with all of their personal needs. This will allow Millward Agency to build its client base and retain the majority of customers, while keeping the price of its service higher than the competitors. As already stated in part 5.1, a CRM system will also accelerate the company's image shift from a group of insurance brokers to a company of trusted advisors. Such a shift will create higher customer value for the company, attracting high-end clients that are looking for quality services and higher degree of care.

## 5.3 Entering New Markets

When entering a new industry, a good strategy to gain traction is to increase brand awareness. In fact, it is much easier to penetrate a new market if the company's brand is recognizable in the market. Given the contained size of Millward Agency, it is more difficult for the the company's brand recognition to directly reach other industries. Though, this obstacle can be overcome by using promotional tools such as targeted emails or phone calls, as well advertising. In fact, when entering a new market the company doesn't present current customers on which to rely on for referrals. It is also important to state that because of the lack of brand awareness in the new target market, also the targeting of companies by email and phone calls is less likely to have a positive outcome. Then, the quickest and most efficient way to reach the objective would be through advertising.

With manufacturing in computer and electronic products being one of the largest and the fastest growing industries we believe that this would be the best place to focus efforts on acquiring new clients. In order to do so we have selected a few viable options to place advertisements. The Utah Business Magazine, Utah Manufacturing Magazine, and the Utah Manufacturing Association are three viable options for advertisements. It is important to have Millward Agency be seen by its target market as much as possible, so that the company can build the brand recognition required for proper growth.

## **6. Evaluation**

The easiest and most effective way that will allow the company to determine if these strategies are working is going to be through the use of a Customer Relationship Management (CRM) system. This system is going to allow Millward Agency to record all interactions with its customers, as well as provide the company with sales reports make sure employees are up to par. The personalization of Millward Agency will be what sets the company apart from its competitors, and can be attainable through the use of the CRM. This system is the place where the company should record all relevant information, e.g. who its customers are, how they heard about the company, whether or not the company was able to add them to its client base, and any other pertinent information regarding interactions with customers.<sup>6</sup> The CRM system will be used by the company to assess which strategies are being productive. The system will also allow the company to make changes to the marketing plan here presented, in order to adjust it to the results.

It is fundamental for the company to have an evaluation measurement for customer acquisition and retention as well. For what concerns acquisition, we believe that through the above proposed marketing strategy the company should be able to acquire 5 new high-end clients (\$100,00-\$300,000 in annual premium) per year. This means that the company will have 25 new high-end clients by year five. Concerning retention, we believe that through the above proposed marketing strategy Millward Agency should be able to retain at least 90% of its current and newly acquired customers.

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<sup>6</sup> <https://selecthub.com/customer-relationship-management/crm-features-functionality-list/>